

1944: A KING'S COIN

February 25th 1944 was another long, bleak day during World War II in Washington D.C. At the United States Treasury work went on as scheduled. Hardly noticed among the officers and secretaries carrying out their appointed errands was a diplomatic officer from the Royal Legation of Egypt, making his way to the Office of the Secretary of the Treasury. His business was his King's, and in his pocket he carried a king's ransom: a 1933 Twenty-Dollar Gold piece. Two days earlier his King had purchased the coin from the flamboyant Texas numismatic entrepreneur, B. Max Mehl. He had been told it was of the highest rarity, one of just three examples he had ever handled.

King Farouk of Egypt was a twenty-four year old playboy who had come to the throne eight years earlier. A notorious spendthrift, he was touched by a collecting mania that encompassed such unimaginably diverse fields as stamps, Gallé glass, erotica, early razor blades and aspirin bottles, gold boxes, and Imperial Fabergé Easter Eggs to name but a few. He also collected coins with a gargantuan appetite.

Well-known to American coin dealers, he dealt with them through his Royal Legation. Purchases were sent on to the King in Koubbeh Palace in Cairo in the weekly diplomatic pouch. In this manner he had assembled a collection of astonishing size, richness and complexity.

Farouk's Legation would have also been familiar with United States laws governing the export of Gold Coins, and thus the diplomat making his way through the Treasury Building would have been on what must have become a fairly regular errand.

The Gold Reserve Act of 1934 provided his guidance: among its many provisions, this act made it illegal to export gold in any form without express license from the Treasury. In this case, as enunciated in President Roosevelt's August 28, 1933 Executive Order 6260, was the mandate that the coin must have been of special value to a collector prior to April 5, 1933. Undoubtedly, dealer Mehl had assured Farouk's representatives that the 1933 Double Eagle fulfilled this requirement.

For a head of state such as Farouk, although the grant of a license was not guaranteed, it can be safely assumed that the process of application and decision was greatly accelerated. While the applicable regulations had established a "Gold Unit" in the Treasury Department to oversee such license requests, in this case it appears that the coin was sent, or taken, to the Bureau of the Mint – Mint Director Nellie Tayloe Ross its recipient sometime during that late February day.

Ross, the first woman to serve as Director of the Mint, had been chosen by Franklin Roosevelt, and by 1944 had already served her President for more than a decade. On February 25, 1944, Ross dictated a letter to the Curator of History at the United States National Museum, noting that the Royal Legation of Egypt, "desires to export from the continental United States," the 1933 Double Eagle. She asked, "Whether it was of recognized special value to collectors...immediately prior to December 28, 1933 [and] ...immediately prior to the issuance of the Executive order of April 5, 1933."

That same day she entrusted the coin to her assistant, Mrs. W. D. Fales, who took the coin to the "Castle," the original Smithsonian Institution building. She showed the 1933 Double Eagle to the Curator of History, Theodore Belote, who had been appointed in 1924, and was responsible for the formal accounting of the newly received Mint Coin Collection. A collector at heart, his record keeping skills were somewhat haphazard, and his knowledge of the events leading up to the discontinuance of gold coinage was flawed.

Dr. Belote met with Mrs. Fales; after examining the coin and the letter, he dashed off an affirmative reply to both questions on the bottom of Mrs. Ross's letter, and returned the coin. Based on this opinion, four days later, on February 29, 1944, Secretary of the Treasury Henry C. Morgenthau, Jr. issued export license TGL-11-170 to the Royal Legation of Egypt. Interestingly formal confirmation of Theodore Belote's somewhat hasty finding from the Associate Director of the Smithsonian, J.E. Graf, was not sent to Mrs. Ross until March 6 – after the license had already been approved. Mr. Fahim of the Royal Legation of Egypt retrieved King Farouk's 1933 Double Eagle and its export license from the Treasury on March 11th, when it was then secured in the diplomatic pouch for transport to Cairo and inclusion in the King's rapidly growing collection.

UPPER LEFT & LOWER RIGHT: MARCH 30, 1944. MEMO FROM ACTING MINT DIRECTOR LELAND HOWARD TO CHIEF OF SECRET SERVICE REGARDING ISSUANCE OF EXPORT LICENSE AND APPEARANCE OF 1933 DOUBLE EAGLES FOR SALE (UPPER LEFT AND LOWER RIGHT)

UPPER RIGHT: FEBRUARY 25, 1944. COPY OF LETTER FROM MINT DIRECTOR NELLIE TAYLOE ROSS TO SMITHSONIAN INSTITUTION DESIRING INFORMATION ABOUT 1933 DOUBLE EAGLE SUBMITTED BY EGYPTIAN LEGATION FOR EXPORT LICENSE. CURATOR T. BELOTE'S REPLY ON THE BOTTOM

OPPOSITE PAGE: FEBRUARY 13, 1945. FRANKLIN DELANO ROOSEVELT WITH KING FAROUK OF EGYPT ABOARD THE USS QUINCY. COURTESY OF THE FRANKLIN D. ROOSEVELT DIGITAL ARCHIVES.

12/44
STANDARD FORM NO. 14-A
APPROVED BY THE PRESIDENT
MARCH 15, 1944

TELEGRAM
OFFICIAL BUSINESS—GOVERNMENT RATES

Superintendent
US Mint
Philadelphia Pennsylvania

Does your record show that double eagles minted in 1933 were ever paid out. Your institution only may so manufacture double eagles 1933. Reported sale of same in New York scheduled for next week. Please get information by Tuesday if possible.

Edward Axtell

Dr. 435 - Miss Say -
TREASURY DEPARTMENT
WASHINGTON
March 18, 1944
CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR
Salaries and Expenses, Office of the
Director of the Mint, 1944.
(The appropriation from which payment must be made on order (1944))

MARCH 18, 1944. TELEGRAM FROM LELAND HOWARD TO PHILADELPHIA MINT ASKING IF ANY 1933 DOUBLE EAGLES WERE PAID OUT

158 THE NUMISMATIST, February, 1944

**Announcement
Extraordinary**

The Celebrated Collection
of
COL. JAMES W. FLANAGAN
Toronto, Canada and New York, N. Y.

To Be Sold At An Unrestricted
PUBLIC AUCTION SALE

Comprising About Two Thousand Lots Of
GOLD COINS OF THE WORLD

Among This Choice Collection Will be Some of the Following:

GOLD DOLLARS	QUARTER EAGLES	HALF EAGLES	EAGLES	DOUBLES
1849 to 1889	1798 to 1929	1795 large eagle 1797 3 varieties 1798 small eagle 1815, 1819, 1821 and others too numerous to mention	1793 to 1922	1850 to the present
Practically Complete	including many rarities		Practically Complete	Rare 1933

\$3.00 practically complete; several Stellas, Pioneer gold, \$1.00 to \$50.00, many slugs, Commemorative gold, \$1.00 to Panama \$50.00 slug. Gold Coins of England with many 5 guinea pieces and several large gold Coronation medals; France, Germany, Balkan States, Spain, and a Large Collection of Mexico, South and Central America, with many of the great rarities from these parts.

WE EXPECT THIS SALE TO REALIZE THE WORLD'S RECORD IN TOTAL AMOUNT OF DOLLARS! PLATE CATALOGS AVAILABLE SHORTLY. LIST OF PRICES REALIZED, ONE DOLLAR. RESERVE YOUR CATALOG NOW.

Stack's
12 West 46th St., New York 19, N. Y.

FEBRUARY 1944. THE NUMISMATIST: STACK'S ADVERTISEMENT ANNOUNCING THE AUCTION OF THE COLONEL JAMES W. FLANAGAN COLLECTION AND NOTING INCLUSION OF A 1933 DOUBLE EAGLE

An Error Acknowledged

Within a matter of days, officials at Treasury and the Mint discovered that a terrible mistake had been made.

"As far as I know, Mr. Belote did not have information in his possession which would indicate whether or not these coins had ever been paid out by the Treasury. In fact, Mr. Belote may have had the impression that they had been paid out because the Mint forwarded two of the above-mentioned coins to Mr. Belote for the Smithsonian collection."

Acting Mint Director Leland Howard to Secret Service Chief Frank Wilson, Treasury Department Inter Office Communication - March 30, 1944

A Routine Inquiry

New York City was the center of the rare coin business in 1944, and most major newspapers carried regular columns devoted to the subject. The editor of the *New York Herald Tribune's* Stamp and Coin column was one Ernest A. Kehr, a stamp man by inclination: he would later be inducted into the American Philatelic Society's Hall of Fame. But his curiosity was piqued by an advertisement placed in his paper by Stack's, announcing their sale by auction of the Colonel James W. Flanagan Collection of Coins.

Brothers Joseph and Morton Stack had started their coin auction business in 1935 and, in less than a decade, had become one of the pre-eminent firms in the nation. The sale of the Flanagan collection was to be their greatest ever, and the advertisement they placed in the February 1944, *Numismatist*, proudly noted that: "WE EXPECT THIS SALE TO REALIZE THE WORLD'S RECORD IN TOTAL AMOUNT OF DOLLARS!"

Kehr noticed the last lot of the sale, lot 1681, which was described as "THE EXCESSIVELY RARE 1933 DOUBLE EAGLE." A curious man and careful researcher, he must have wondered why it was so rare. He directed a simple question directly to the United States Mint: How many 1933 Double Eagles were released? An equally simple reply was given: None.

The Acting Director of the Mint, Dr. Leland Howard, as he recalled in the March 30, 1944 memo to the Chief of the United States Secret Service, had received the "routine inquiry," and upon personally checking, "discovered that none were ever legally paid out by the Mint." Alarmed, Howard immediately contacted Secret Service Chief Frank B. Wilson, and advised him that, "the coin was for sale in New York and others were reported to be in collections there."

Although it was the Stack's advertisement for the Colonel Flanagan auction that ultimately initiated the Secret Service investigation, curiously, it was not the first public offering of a 1933 Double Eagle. Three years earlier, the Chicago firm of Smith & Son had taken an advertisement in the February, 1941 issue of the *Numismatist*. It read: "1933 \$20.00. Uncirculated, the rarest of all Double Eagles with the exception of the 1849; only three pieces known at the present time. Price on application to interested buyers." Had the Secret Service been aware of that offering, who knows how history might have changed?

A Lighted Fuse – the First Seizures

Leland Howard's call on Frank Wilson set the wheels in motion. The Secret Service Chief turned the case over to its New York unit and the case was assigned; the lead investigator, Special Agent Harry W. Strang. His work began, those interviewed the first day were extremely co-operative, and events unfolded rapidly.

March 24, 1944 was a Friday. That morning Strang, a powerfully built man with a pleasant ruddy face, together with Secret Service Custodian James Haley from the Washington D.C. office, met briefly with Ernest Kehr in his office. The newspaperman told them of the impending auction at "Stack Bros., Numismatists" and gave them the address, 12 West 46th Street.

It was the second day of the Flanagan sale, and the day before the 1933 Double Eagle was scheduled to be sold. When agents Strang and Haley arrived at the Stack offices, Joseph and Morton Stack were most probably seated at their partners desk reviewing bids for the next session of the auction.

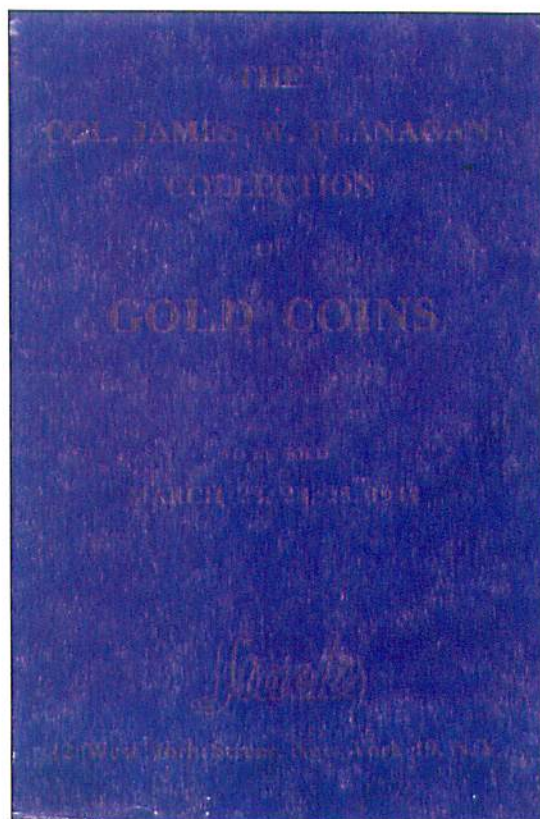
The Agents identified themselves and got to the point quickly. Colonel Flanagan's 1933 Double Eagle was stolen property – stolen from the United States Mint. Investigations initiated by the Office of the Director of the United States Mint had determined that no 1933 Double Eagles had been released for circulation. Agent Strang informed the Stacks that he was seizing the coin.

As the interview continued, a panoply of leads was opened. Two were of particular importance: From whom had Colonel Flanagan had purchased the coin? And, what was the basis of the portion of their catalogue description that read, "...we know that 8 to ten of the pieces were sold privately..."?

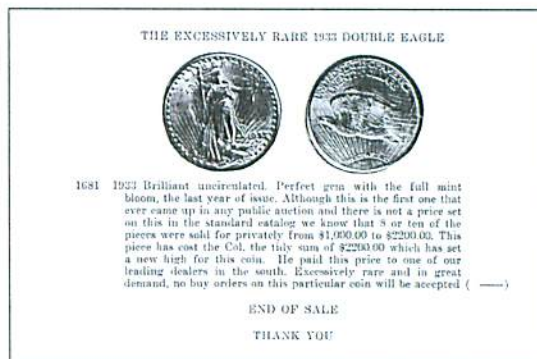
In response to the first question, the Stacks produced a letter sent the previous week from B. Max Mehl, correcting their catalogue description: "You state that Colonel Flanagan paid \$2,200.00 for this piece. This is incorrect. He purchased the coin of me as per invoice of November 26th, 1937, and remittance was received from him on December 3rd, same year, for the amount of \$1,250.00."

Replying to the second question, Joseph and Morton Stack, recognizing the seriousness of the situation provided the agents with as much information as possible. Strang issued Stack's a receipt for the Flanagan coin at 2:00 PM and, with James Haley, headed to the office of Max Berenstein, whose name the Stacks had just provided.

It was convenient, less than four blocks away. Berenstein, a jeweler, was exceptionally helpful. As he handed over his 1933 Double Eagle, he told the Secret Service men that he had bought the coin from James G. Macallister of Philadelphia. His records revealed that he had made the purchase on February 17, 1937, for \$1,600 – an enormous sum at the time.



MARCH 23-25, 1944. AUCTION CATALOGUE FOR STACK'S SALE OF THE COLONEL JAMES W. FLANAGAN COLLECTION



FIRST AUCTION CATALOGUE DESCRIPTION OF A 1933 DOUBLE EAGLE: STACK'S, COL. JAMES W. FLANAGAN COLLECTION, LOT 1681

Berenstein was expansive. He provided the names and addresses of three other owners – numismatic greats: F.C.C. Boyd, J.F. Bell and T. James Clarke. He further informed the agents that he believed that Macallister may have once had three 1933 Double Eagles. The jeweler also admitted that he had once owned a second example, it too traced its origins back to Macallister. Berenstein was well versed with its history, which he willingly provided; he had sold it to a Chicago firm, R.H. Smith, and they had, in turn, sold it to coin dealer Ira Reed of Philadelphia. The agents made arrangements to continue the interview the following day, and took the two seized 1933 Double Eagles to the U.S. Assay Office in New York. They were "weighed and found to be within the weight range of perfect coins."

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THE NUMISMATIST, February, 1941

Rarities That Are Seldom Offered For Sale Is Our Specialty.

MOFFAT & CO.

San Francisco, Calif., 1849



\$16.00 Ingot, extremely fine. Price on application to interested buyers.

DOUBLE EAGLE, 1933.



1933 \$20.00 Uncirculated, the rarest of all Double eagles with the exception of the 1849; only 3 pcs. known to exist at the present time. Price on application to interested buyers.

CLARK GRUBER & CO., 1861.



1861 \$20.00 Clark Gruber & Co. Strictly very fine \$300.00.

Drop us a line if you wish to buy, or if you wish to sell. We are in the market to purchase all worth-while Numismatic material in any series.

ESTABLISHED 1920

Smith & Son

2267-69 CLYBOURN AVENUE

Chicago, Illinois

DIVERSEY 2097

FEBRUARY 1941. THE NUMISMATIST. THE FIRST ADVERTISEMENT FOR THE SALE OF A 1933 DOUBLE EAGLE

Harry H. Strang
 Harry H. Strang
 Agent

George C. Draescher
 George C. Draescher
 Agent

Another Coin: Another Story

The next morning found Haley and Strang back in Berenstein's company. The jeweler told them that Messrs. Bell, Boyd and Reed were around for the Colonel Flanagan auction and could be found at Stack's. Clearly the men were waiting for the agents, and were prepared for their interviews. The results of the ensuing conversations were somewhat mixed, as some answers were evasive. But the trail remained hot, and focus of the investigation continued to tighten.

F.C.C. Boyd, Vice President of the Union News Company, was politically well-connected and had served on the board of the National Recovery Administration in the 1930's. While he freely admitted to owning a 1933 Double Eagle, also purchased from James Macallister, he adamantly refused to surrender it until he was presented with proof that it had been stolen from the Mint. Boyd explained that it was his understanding that all the 1933 Double Eagles in collectors' hands had come from a single bag that had been delivered to the Federal Reserve Bank of Philadelphia. And when "the order to recall same had been issued by former Secretary of the Treasury Woodin...that instead of returning the bag intact to the Mint ten of these coins were abstracted..." Boyd, of course, could not have known that at the time of the recall the coins had not yet been struck.

J.F. Bell was more co-operative, but must have been embarrassed and frustrated. He had his 1933 Double Eagle with him and surrendered it immediately. He had bought it only two days earlier, from Ira S. Reed.

Reed was a canny Philadelphia coin dealer. He admitted cautiously that he had once owned two of the pieces. One he had just sold to Bell, but as to the other his memory failed. He promised he would check his records. Curiously, just three weeks after this interview, on April 15, 1944, knowing full well that the 1933 Double Eagles were illegal to own and subject to seizure, Ira Reed sold one to Louis Eliasberg of Baltimore.

The third seized 1933 Double Eagle was in hand. Harry Strang headed to Philadelphia.

The City of Brotherly Love: Philadelphia 1944

The local Agent assigned to assist Strang was George C. Drescher. Together, on March 29th and 30th they conducted a series of interviews. The responses ranged from candid to evasive to imaginative; the conclusion though, was unmistakable.

Stephen K. Nagy was the first interviewed. Nagy was a well-known authority on coins and antiques, had once had remarkable contacts within the Mint, and had a tendency to dissemble. He told the agents that former Secretary of the Treasury William F. Woodin had once shown him five 1933 Double Eagles and had offered him one; unaccountably Nagy had declined.

Ira Reed was next. His careful replies continued, but he now admitted to having handled three examples – with a hint that more may have passed through his hands. He had no records, but furnished the agents with the names of those to whom he had sold the coins.

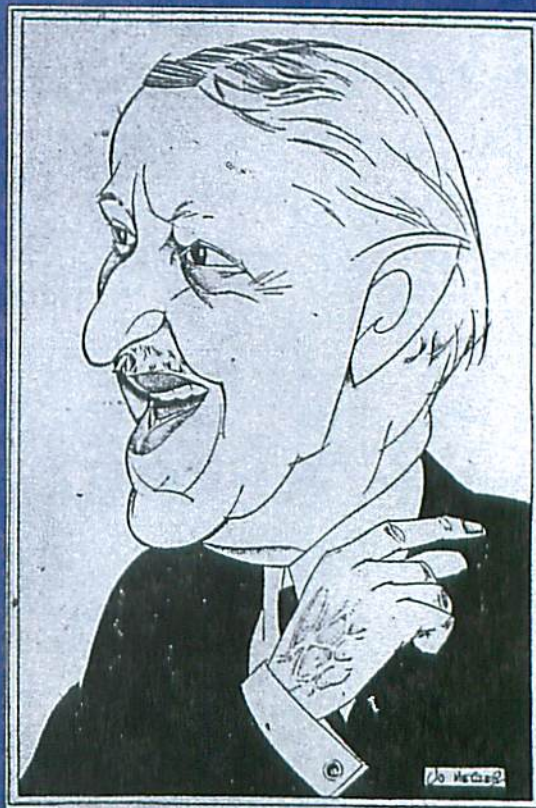
A welcome relief greeted the two agents, when at last they met with James G. Macallister. He came from a wealthy Philadelphia family and was a "gentleman's" numismatist; knowledgeable and courtly, he nevertheless had some interesting contacts. In his interview he was completely forthright; he had kept meticulous records and was pleased to share them. He provided dates, purchase and sale prices, as well as what he knew about the subsequent disposition of the coins he had sold.

He freely recounted that he had bought five of the 1933 Double Eagles from one Israel Switt, whose shop was on "Jeweler's Row" in Philadelphia. He also noted that each time he inquired as to the source of the gold pieces, Switt gave him different, vague and thoroughly unsatisfactory answers.

Macallister was clearly uncomfortable having a relationship with a man whom he styled as a "gold coin bootlegger," and stated that he was aware that Switt had once been convicted of a violation of the Gold Reserve Act of 1934. Secret Service files confirmed this information, noting that Switt had been arrested and his license to deal in scrap gold had been cancelled. However, he had continued to do business through the transfer of the license to his brother-in-law and partner, Edward Silver. Macallister concluded his statement by saying he had not bought a 1933 Double Eagle from Switt since December 1937, when it became clear that there were "too many available to warrant their being represented as rarities." At one point Macallister recalled Switt telling him he once had 25 and had only sold 14!

Another Faulty Memory

Israel Switt was wary. Ira Reed had called him on March 27th and had told him the Secret Service had already seized three of the 1933 Double Eagles. On March 30th Switt met with the agents when they arrived at his shop at 130 S. 8th Street. As the questioning wore on it was moved to the



APRIL 21, 1933. THE PHILADELPHIA INQUIRER. CARICATURE OF SECRETARY OF THE TREASURY WILLIAM F. WOODIN. WOODIN WAS A GREAT COLLECTOR OF COINS IN THE EARLY PART OF THE TWENTIETH CENTURY, AND WROTE ONE OF THE STANDARD REFERENCE BOOKS ON UNITED STATES PATTERN COINAGE. 1933 ©2002 PHILADELPHIA NEWS-STAR, INC. ALL RIGHTS RESERVED. REPRINTED WITH THE PERMISSION OF THE PHILADELPHIA INQUIRER.

Secret Service offices in Philadelphia. Switt admitted, during a four hour session, that he had sold nine 1933 Double Eagles; five to James Macallister in 1937, and two each to Ira Reed and Abe Kosoff, "about two years afterward." He denied having had more, and his memory failed completely when asked about his source. The Secret Service agents were unconvinced, and their continued questioning did open a viable lead. Switt and Silver in their capacity as depositors of scrap gold had developed close ties to a number of employees at the United States Mint.

Strang poured over the Mint Records concerning the disposition of the 1933 Double Eagles. One thing was certain; the stories of the coins having come from the son of the Philadelphia Federal Reserve Bank president, or the Secretary of the Treasury or other "high officials" before the gold recall, simply wouldn't wash. None of the coins had yet been made.

The answer was closer to home. Harry Strang and George Drescher began interviewing present and former employees of the Mint. Who had known whom? Who had had access to the 1933 Double Eagles – and when? As employees, retirees, widows, friends and acquaintances gave their statements, threads of the mystery began to knit together. Copies of financial records and tax returns were scrutinized and the results provided yet more pieces to the vast jigsaw.

Only one name seemed to fit the profile.

Whippersnapper and the Four Horsemen

George A. McCann was a crook. That was what the former Mint bookkeeper, John J. Carey told Agents Strang and Drescher on April 17, 1944. He had known him to be a crook since 1926 when he had discovered, and reported, discrepancies in McCann's records as foreman of the Mint's Weigh Transfer room. Nothing had been done. McCann had been protected by superiors.

The interviews and records revealed that, as he had worked his way through the ranks of the Mint, McCann had become close to Assistant Superintendent Ralph Roland, Chief Clerk Fred Chaffin and Assayer Chester "Doc" Ziegler. While still a junior employee he had done their bidding, or in Carey's words, "was their whippersnapper." As he had risen in seniority, he maintained their favor and was eventually taken into their powerful clique; one that was styled in the Secret Service reports as "the Four Horsemen" who "ran the Mint." Their meetings would take place at a hotel at Broad and Catherine Streets, and until 1932, "Doc" Ziegler allowed his personal friend, coin dealer Henry Chapman, "exclusive numismatic privileges at the Mint."

On March 19, 1934, George A. McCann was appointed Cashier of the Mint. His salary, \$2,421.79, was a good one, nearly twice that of a schoolteacher. He was in a position of trust, one that granted him access unavailable to other Mint employees. He had exclusive access to the 1933 Double Eagles that had been returned to the Mint from the Assay Commission a month earlier.

The Secret Service investigation revealed that McCann had deposited varying amounts of cash into his brokerage accounts "not traceable to any known source or income" beginning in 1934. It also established, through interviews, that Israel Switt, Edward Silver and George McCann knew each other at that time and had been seen having private discussions at the Mint.

In May, 1940 McCann was accused of having stolen uncurrent silver coin from the Mint. He found no cover from his superiors. He was dismissed, arrested, pleaded guilty, and jailed. He was now, four years later, the primary suspect in the theft of the 1933 Double Eagles.

October 10, 1944. Westmont, New Jersey. Agents of the Secret Service interviewed George McCann for two hours. He denied ever having custody of the 1933 Double Eagles from the Assay Commission; he denied having sent two 1933 Double Eagles to the Smithsonian; he admitted to knowing of Switt, but said that he had never heard of Edward Silver. He sought to point the finger of suspicion at others, grew agitated at certain questions, was ultimately unconvincing, and refused, through his lawyer, to meet with the agents again. His denials were proved by subsequent interviews and investigations to be untrustworthy at best.

It was clear, over the years McCann and his cronies had used their positions at the Mint to obtain uncurrent coin and sell it for personal gain. In hindsight, their chicanery has the appearance of having been an open secret, and why it was not until 1939 that McCann's activities drew the attention of the law is not known. However, it may be surmised that cracks in the wall of protection the "Four Horsemen" created for themselves must have begun to show when, in 1936, member Fred Chaffin suddenly died; and two years later, in February 1938, Assayer Chester Ziegler committed suicide.